

Insurance Association of Connecticut
Insurance and Real Estate Committee
February 5th, 2013
HB 6321, An Act Requiring Certain Disclosures
For Long-Term Care Policies

The Insurance Association of Connecticut, IAC, would like to make the following comments regarding HB 6321, An Act Requiring Certain Disclosures For Long-Term Care Policies.

IAC supports the intent behind HB 6321, to ensure that consumers are fully aware of the potential for rate increases on long-term care policies or riders. The IAC also appreciates the attempt to incorporate the provisions of Section 9 of the National Association of Insurance Commissioners' (NAIC) Long-Term Care model regulation into HB 6321. However, HB 6321 contains many deviations from the model that makes it problematic. The NAIC model has been adopted by 30 states and has proven to provide important consumer benefits. Conformity with the model permits a uniform application of the model's provisions while providing consumers useful information consistent with the standards that are currently used throughout much of the country.

For example, Section 1 of HB 6321 (c)(1)(A)(iv) would require an explanation with a description of when a rate increase will become effective. As drafted this section would seem to require insurers, at the time of solicitation or application, to predict the future by having to forecast when an increase will actually take place. The model language is much clearer providing real information to the consumer of when and how an increase would be implemented.

Besides altering model provisions, HB 6321 omits several key provisions that are important for the industry. For example the model includes language regarding how an insurer treats policies acquired from non-affiliated insurers. This language is important and should be included in HB 6321.

Finally, HB 6321 adds provisions, Sections 3 and 4 that are not found within the model. Sections 3 and 4 seek to extend the disclosure provisions contained in Sections 1 and 2 to Long-Term Care products that are combined with other products, or combined policies. Some combined policies that are non-cancellable or contain rate guarantee

provisions are not rated in the same manner as stand-alone Long-Term Care policies. Subjecting them to the provisions of HB 6321 could actually lead to consumer confusion. For example, a combined policy may be issued with a rate guarantee meaning the rate won't change. However, subjecting such a policy to the provisions of HB 6321 would require the consumer be given disclosures stating that the rate may increase, even though they are specifically buying a product that won't. That will certainly lead to consumer confusion, as such HB 6321 should adhere to the model and these provisions be deleted.

The IAC would welcome the opportunity to work with the Insurance and Real Estate Committee to amend HB 6321 so that it tracks the uniform provisions of the model.